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89 Economic Outlook

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The Journal of the American Newspaper Publishers Association

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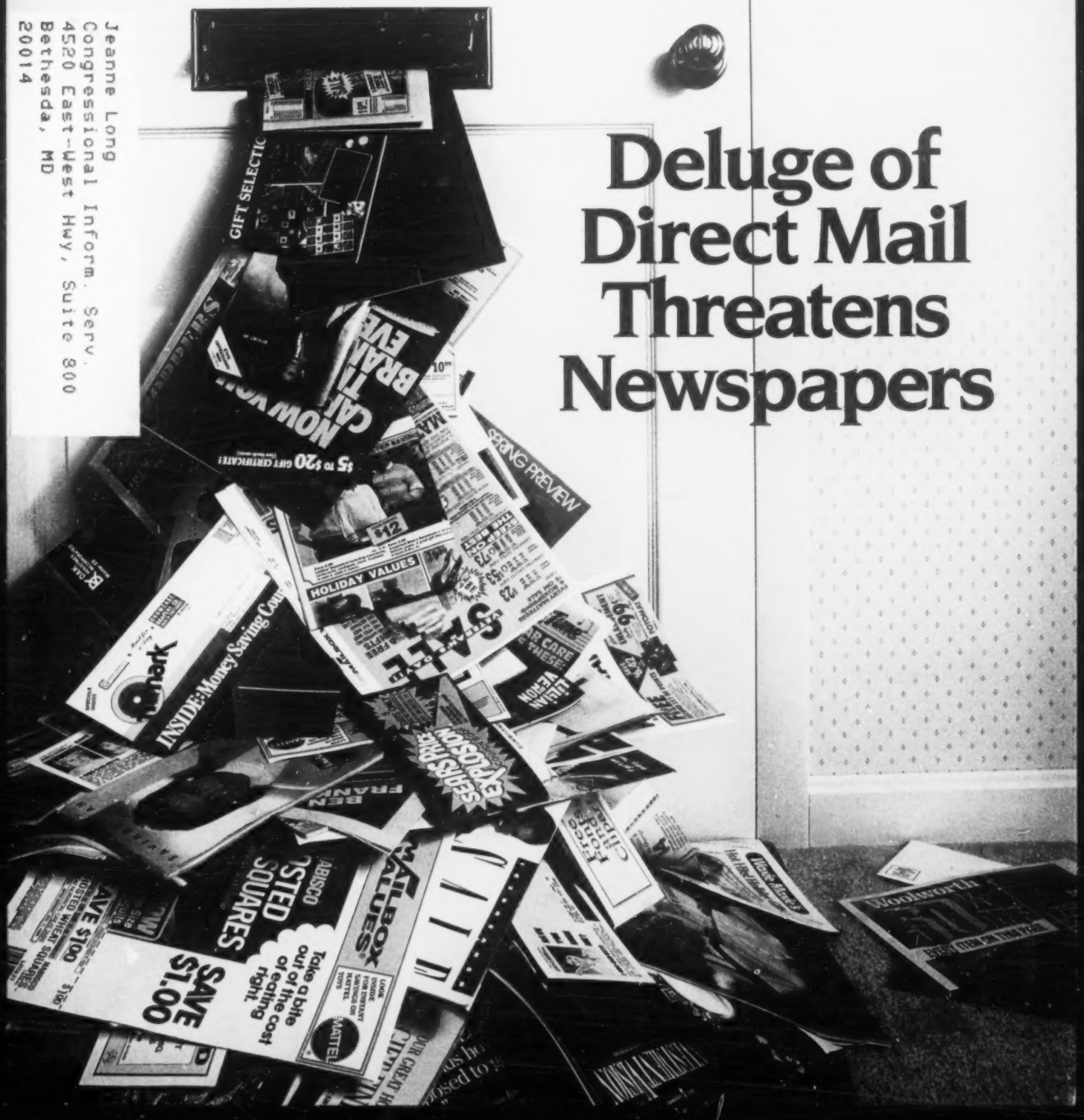

Deluge of Direct Mail Threatens Newspapers

CHAIRMAN'S CORNER

Here's what ANPA will do in the year ahead

Without so much as a "by your leave" the New Year has swept into office, bringing with it continuing confusion for our economy. Not that publishing is more deeply affected than other industries, but publishers are an articulate lot and tend to bemoan their fate with great conviction.

So the New Year is here, the new administration has yet to set tax policy and our business responds unevenly to the uncertainties of the marketplace. But I am pleased to report that ANPA, while not above the fray, has at least some clear direction for the industry. In no particular order, here are some projects for 1989:

Arthur Ochs Sulzberger

- We will launch hands-on, desktop-publishing seminars, and maintain strong management-training workshops to help you strengthen both productivity and morale.
- On the technical side, we will emphasize distribution equipment and electronics, and we will take the first step—with the U.S. Department of Agriculture's Forest Products Laboratory—on what may become a major research project about new papermaking techniques.
- Adult literacy and NIE will remain our education focuses.
- Opportunities for newspapers to use emerging telecommunications and telephone service—both to enhance our current product and maybe to open the door to new products—will be featured in spring presentations at the Convention and at ANPA/TEC.
- Special government-affairs attention, both state and federal, will be addressed to taxes, waste disposal and recycling. And we will actively respond to challenges on advertising tax-deductions and consumption taxes based on the use of virgin fiber in newsprint. I am happy to report that a special Tax Task Force under Director Frank Batten of Landmark Communications will guide us through the maze.
- We will work with renewed enthusiasm to achieve meaningful workforce diversity.
- Even though the next postal-rate case won't begin until at least late fall or early 1990, we will designate a staff postal-affairs coordinator to help keep us prepared.
- Very importantly, we will respond firmly to the membership's priority on circulation and readership. A new staff director has been named, and several other experienced staffers will be working to develop more tools you can use in this arena. And, in concert with the Newspaper Advertising Bureau, we will dig deeply and quickly for fresh ideas and search out the most promising priorities.

Those are some highlights of our 1989 program. And while we target these areas, we will remain flexible so as to meet challenges to our right to publish or distribute our products. Maybe with hard work and a little luck we will have a banner year, which probably still won't stop our bemoaning.

Arthur Ochs Sulzberger, ANPA Chairman

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INDEX VOLUME 11, NUMBER 1 JANUARY 1989

Special Report *Mailboxes get fuller every year with catalogs, fliers and shared-mail packages as the boom in direct mail advertising continues. Even the sharp increase in third-class postage costs last year has not stemmed the brisk growth as advertisers, under their own cost pressures, seek greater targeting. All this means that direct mailers' share of total ad spending has been going up, while that of newspapers has been slowly dwindling. Most newspapers have responded with total-market-coverage strategies, some with their own shared-mail programs.* **18**

Forecast: more turbulence *Humbled industry seers expect advertising to stay weak in 1989. A recession—if one comes—would hurt matters more.* **6**

Washington outlook *It's a new Congress and administration, but newspaper interests will find some old federal issues consuming their attention.* **8**

The dreaded 'D-word' *Technological breakthroughs have saved time, yet that relentless taskmaster, the deadline, is no less cruel.* **10**

Laser printers *When they hit the market they shot a scare into phototypesetters, but it's beginning to look as if there's room for both—for a while.* **14**

Marketing at a crossroads *Economic pressures and finer targeting may force newspapers to choose: mass audience or market niche?* **26**

Small syndicates *The "boutiques" of the business offer fresh talent but struggle for success in the shadows of the "Big Eight" and supplemental wires.* **30**

Part-time workers *Use of part-timers has leveled off in some newspaper departments. However, it appears to be growing in newsrooms.* **32**

Profile: Ralph Ingersoll II *From down-to-earth reporter to polished tycoon, this grand acquisitor has newspapering in his blood.* **36**

Essay: Delivering profits. *Consider delivering merchandise as well as newspapers to boost revenues and efficiency, says ANPA's William D. Rinehart.* **37**

Child-care pioneers *Executives at two West Coast newspapers believe day-care centers will boost morale and give them a competitive edge.* **50**

ANPA: the year ahead *Officer nominees are set for the April 24-26 Convention, and the Association's budget priorities for 1989 are established.* **62**

Meeting Deadlines, p. 10

Direct Mailers, p. 18
(Cover photo by Claudio Vazquez, John Bowden Studio.)

Modern Marketing, p. 26

Advertising	48	Employee relations	50	Overset	64
ANPA calendar	60	Government affairs	38	Research	49
ANPA news	62	Minority affairs	44	'Shoe'	48
Chairman's corner	2	News-editorial	46	Speeches	45
Circulation	39	Newspaper business	61	Technology	54
Education	42	Newsprint	58	Telecommunications	47

Consumption declines again in October

Newsprint consumption for all users in the United States declined 0.02 percent in October 1988, compared with the same month a year earlier. Had it not been for an additional Sunday during October '88, consumption would have declined about 3 percent.

For the first 10 months of '88, all users' consumption was up 0.6 percent.

U.S. daily newspapers in October 1988 used 1.1-percent less newsprint than in the previous October, but for the 10-month period their use was up 1.4 percent.

Newsprint inventories for newspapers in ANPA's statistical sample averaged 43 days' supply at the end of October, compared with 39 days in October 1987. Stocks of North American mills were up about 29 percent.

Canadian mills operated at 100 percent of rated capacity in October and 99 percent for 10 months.

The operating rates for U.S. mills were 98 percent and 97.9 percent, respectively.

Estimated consumption of all U.S. daily newspapers[1]

Region	September 1988(r)	September 1987	% Change
Northeast	193,497	195,485	-1.0
North Central	160,862	163,148	-1.4
South	238,843	232,221	+2.9
West	173,893	171,328	+1.5
Circulation Size			
up to 25,000	54,229	54,714	-0.9
25,001-100,000	167,851	154,467	+8.7
Over 100,000	545,015	553,001	-1.4
September totals	767,095	762,182	+0.6
Nine-month totals	6,802,314	6,690,989	+1.7
Region	**October 1988(p)**	**October 1987**	**% Change**
Northeast	212,455	215,880	-1.6
North Central	167,568	175,399	-4.5
South	253,726	250,887	+1.1
West	182,711	183,496	-0.4
Circulation Size			
up to 25,000	58,124	59,880	-2.9
25,001-100,000	177,779	164,847	+7.8
Over 100,000	580,557	600,935	-3.4
October totals	816,460	825,662	-1.1
Ten-month totals	7,618,774	7,516,651	+1.4

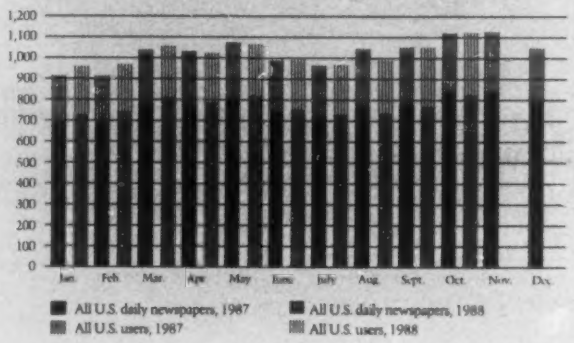
Estimated consumption of all U.S. users

	1988	1987	% Change
August totals	995,335(r)	1,040,896	-4.4(r)
September totals	1,047,752(r)	1,050,338	-0.2(r)
October totals	1,128,832(p)	1,129,066	-0.02(p)
Ten-month totals	10,199,618(p)	10,138,598	+0.6(p)

Production

	Canada	U.S.A.	North America
October 1988	864,947	460,531	1,325,478
October 1987	826,574	460,906	1,287,480
Increase or decrease	+38,373	-375	+37,998
	+4.6%	-0.1%	+3.0%
Ten months 1988	8,322,689	4,515,111	12,837,800
Ten months 1987	8,077,413	4,409,254	12,486,667
Increase	+245,276	+105,857	+351,133
	+3.0%	+2.4%	+2.8%

Estimated newsprint consumption, 1987-1988 (thousands of metric tons)



Stocks

U.S. publishers[2]	Tonnage	Days' supply on hand	Days' supply in transit
August 1988	1,006,598	43(r)	5
August 1987	904,565	37	6
September 1988	1,003,967(r)	41	5
September 1987	929,084	36	6
October 1988	947,205(p)	38(p)	5
October 1987	897,438	33	6
Canadian mills			
October 1988	363,574	—	—
October 1987	286,345	—	—
U.S. mills			
October 1988	66,597	—	—
October 1987	47,832	—	—

Shipments

From Canadian mills	U.S.A.	Canada	Export	Total
October 1988	585,781	104,761	112,153	802,695
October 1987	592,707	105,517	112,800	811,024
Ten months 1988	5,891,454	1,013,056	1,243,700	8,148,210
Ten months 1987	5,866,089	963,236	1,238,947	8,068,272
Increase	+25,365	+49,820	+4,753	+79,938
	+0.4%	+5.2%	+0.4%	+1.0%
From U.S. mills				
October 1988	419,003		41,508	460,511
October 1987	435,959		19,591	455,550
Ten months 1988	4,180,360		304,285	4,484,645
Ten months 1987	4,171,305		239,191	4,410,496
Increase	+9,055		+65,094	+74,149
	+0.2%		+27.2%	+1.7%
From North American mills				
October 1988	1,004,784	104,761	153,661	1,263,206
October 1987	1,028,666	105,517	132,391	1,266,574
Ten months 1988	10,071,814	1,013,056	1,547,985	12,632,855
Ten months 1987	10,037,394	963,236	1,478,138	12,478,768
Increase	+34,420	+49,820	+69,847	+154,087
	+0.3%	+5.2%	+4.7%	+1.2%

[1]Based on stratified data from newspapers in ANPA statistical sample; figures in this and other tables are in metric tons.

[2]Represents stocks of newspapers in ANPA statistical sample.
(r) = revised (p) = preliminary